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10 Attorneys for Creditors ADVENTIST HEALTH
11 SYSTEM/WEST, and FEATHER RIVER HOSPITAL
12 d/b/a ADVENTIST HEALTH FEATHER RIVER

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UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

In re:

PG&E CORPORATION,

- and -

PACIFIC GAS AND ELECTRIC COMPANY

Debtors.

Case No. 19 - 30088 (DM)

Chapter 11
(Lead Case)
(Jointly Administered)

**DECLARATION OF JEFF ELLER IN
SUPPORT OF ADVENTIST'S MOTION
FOR ESTIMATION AND TEMPORARY
ALLOWANCE OF THE ADVENTIST
FIRE DAMAGE CLAIMS SOLELY FOR
VOTING PURPOSES PURSUANT TO
BANKRUPTCY RULE 3018**

- ☐ Affects PG&E Corporation
☐ Affects Pacific Gas and Electric
Company
☒ Affects both Debtors

** All papers shall be filed in the Lead Case,
No. 19-30088 (DM).*

Hearing Date and Time:

Date: April 7, 2020

Time: 10:00 a.m. (Pacific Time)

Place: Courtroom 17

450 Golden Gate Ave., 16th Floor
San Francisco, CA 94102

1 I, Jeff Eller, declare as follows:

2 1. I am the President of the Northern California Region of Adventist Health. I make
3 this Declaration in support of the motion (the "Motion") of Adventist Health System/West
4 ("Adventist Health") and Feather River Hospital d/b/a Adventist Health Feather River ("AHFR"
5 and together, "Adventist") for entry of an order estimating the amount of the Adventist Fire
6 Damage Claims (as defined in the Motion) in the amount of the actual damages asserted in the
7 Proofs of Claim (\$506,030,602) and temporarily allowing such claims solely for the purposes of
8 voting on the *Debtors' and Shareholder Proponents' Joint Chapter 11 Plan of Reorganization*
9 *Dated January 31, 2020* [ECF No. 5590]. Unless otherwise noted, I know the following facts of
10 my own personal knowledge, and if called upon as a witness to this proceeding, I would and
11 could competently testify thereto under oath.

12 2. AHFR is part of the Northern California Region of Adventist Health. In addition
13 to my responsibilities with respect to AHFR as President of the Northern California Region, I
14 have also served as Chair of the Governing Board of AHFR.

15 3. At the time of the Camp Fire in November 2018, Adventist had in place an
16 insurance policy issued by FM Global, under which Adventist has made claims for losses
17 resulting from the Camp Fire (the "Policy"). To date, Adventist has recovered only \$60 million
18 from FM Global under the Policy. To date, FM Global has not committed to pay any additional
19 amounts to Adventist on its Camp Fire claim. Further, Adventist has not entered into any
20 agreement with FM Global about Adventist's pursuit of its Camp Fire claims against PG&E
21 Corporation or Pacific Gas and Electric Company.

22 4. I note also that there are portions of Adventist's losses that are not within the scope
23 of the Policy. For example, its timber-related losses are not covered under the Policy.

24 5. Attached hereto as Exhibit A is a true and correct copy of a January 7, 2020, email
25 exchange between Adventist personnel and FM Global representatives which I obtained from
26 Adventist Health's records.

27 6. Adventist Health's audited financial statements are prepared in accordance with
28 Generally Accepted Accounting Principles ("GAAP"). This includes Adventist Health's Annual

1 Report for the Year Ended December 31, 2017 (the "2017 Annual Report"). I have reviewed
2 Exhibit 5 to the Foix Declaration("Foix Decl.") filed by the Official Committee of Tort Claimants
3 in connection with its objection to the Proofs of Claim filed by Adventist in the above-referenced
4 bankruptcy cases (the "Adventist Fire Damage Claims"), and it appears to contain a portion of the
5 2017 Annual Report, including page 26 of the Report. The \$92.586 million figure for "Buildings
6 and improvements" relating to AHFR reported on page 26 of the 2017 Annual Report in Exhibit 5
7 reflects the total "book value" of the assets in question. Book value for each of the assets
8 included in that total reflects the initial acquisition or construction cost of the asset, depreciated
9 over time in accordance with governing legal and accounting principles. Adventist has been in
10 operation at Feather River since approximately 1950, and the book value of the various assets
11 which make up the \$92.586 million total reflects years or decades of depreciation. GAAP does
12 not require that the current *market* value of such assets be reported. Consequently, they are not
13 "marked to market" in the 2017 Annual Report. Likewise, GAAP does not require that the
14 replacement cost of such assets be reported in annual financial reports, and the 2017 Annual
15 Report accordingly does not do so.


16 7. Despite the destruction wrought by the Camp Fire, Adventist did not immediately
17 terminate AHFR employees (who, as residents of Paradise and other fire-affected areas, were also
18 PG&E's victims) after the fire. Instead Adventist continued to maintain all AHFR employees on
19 payroll for at least 90 days after the fire. Adventist has attempted, to the extent possible, to
20 continue to fulfill its mission to the community of Paradise. The Camp Fire rendered AHFR's
21 main hospital campus (the "Main Campus") incapable of operation since the date of the fire, and
22 nearly all of the other services provided on the Main Campus remain closed. However, thanks to
23 the strength and support of the Adventist system, and the support of the Paradise community,
24 Adventist was able to reopen AHFR's Feather River Health Clinic (once one of the largest rural
25 health clinics in Adventist's system), but it has only limited services. It is not equipped or staffed
26 to handle patients with emergencies or other acute care needs, and must send them out of town to
27 other facilities. While AHFR's remaining operations provide necessary care to those left in the
28 surrounding community, these operations have been operated at a loss.

9. “Shared service costs” are expenses such as corporate accounting and legal support, and expenses for various vendors (*e.g.*, medical records/electronic data service providers) which contract with Adventist Healthcare System/West as a whole. These costs are shared by the various hospital members of the System, including (prior to the Camp Fire) AHFR. In Appendix A to an October 23, 2019 Adventist Health System/West Bond Offering Memorandum, a portion of which is contained in Foix Decl. Ex. 4, at A-36, Adventist Health reported that since the Camp Fire and the loss of AHFR’s operating revenue, the System has only been able to partially reduce those costs, with a negative impact on the System of approximately \$10 million as of June 2019. This statement is a reference only to the impact of the lost AHFR contribution to shared service costs; it is not a statement of the total impact of the Camp Fire on Adventist.

10. I understand that the TCC in its objection to Adventist's claims has suggested that it is unlikely to take until 2024 for Adventist to complete reconstruction and repair of the AHFR hospital and other facilities and resume full operations. This is incorrect. Completing reconstruction of AHFR on the Main Campus by 2024 is actually an optimistic estimate, given the time it will take for Adventist to recover on its claims to order to fund the reconstruction, to obtain necessary regulatory approvals for such medical facilities (which is a lengthy process), to begin and complete construction, and to prepare and staff the facilities to begin operations.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

Executed this 6th day of March, 2020, at Santa Rosa, California.


JEFF ELLER